Annual Message on the Condition of the Country.

A System of State Banks is Advocated.

IS CARLISLE'S IDEA.

Amendments to New Tariff Bill Are Strongly Urged.

WASHINGTON, Dec. 3 .- The following is the president's message to congress: Message to the congress of the United States The assemblage within the nations legislative balls of those charged with the duty of making laws for the benefit of a generous and free people impressively surgests the exacting oull atton and in exorable responsibility involved in their task. At the threshold of tuch labor ne w to be undertaken by the congress of the U nited States and in the discharge of an executive duty enjoined by the constitution, I submit this communi-cation containing a brief statement of the condition of our national affairs and recom-mending sign to issuance as seems to be neces-mary and expedient.

The history of our recent dealings with other nations and our peaceful relations with them at this time additionally demonstrate the advantage of consistently adhering to a firm but just foreign policy, free from envious or umbitious national schemes soil characterized by satire honesty and sincerity. During the past year, pursuant to a law of concess commissioners were appointed to the Antwerp industrial expesition, though the participation of American echipitors fell far short of completely illustrating our mational ingenuity and industrial achievements, yet it was quite crafftable in view of the brief time allowed for preparation.

I have endeavored to improve upon the Hel-ten covernment the needlessness and posi-tive harmfulness of its restrictions upon the importation of certain of our food products and have strongly unged that the rigid superfrom this country of discused cattle and up-

The termination of the civil war in Brazil has seen followed by the general prevalence of peace and order. It appearing at an early allow of the insurrection that its course would eall for woundal wistonfulness on the part of this government our naval force in the Earbor of Rio de Janeiro was attenythened. This precaution I am satisfied, tended its restrict the lesies to a simple trial of strength between the Brazillan government and the insurrents, and to avert complications which at times evened imminent. Our firm attitude of neutrality was maintained to the end the insurgents received no encouragement of eventopposition as they encountered was for the protection of our commores and was clearly justified by public law. A serious tension of relations having arisen at the since of the war between Stand and Portugal by reason.

A gratifying recognition of the uniform impartiality of this country towards all foreign states was man ifested by the coincident request of the Chinese and Japanese govern-ments that the argusts of the United States should within proper Smits afford protection to the subjects of the other during the suspension of diplomatic relations dun to a state and a misapprehension which gave rise to the besief that in affording this kindly unofficial protection our a ents would exercise sume authority which the with crewin agents of the periodic at the scene of this disturbance of the periodic at the scene of this disturbance of the periodic and accordance of the periodic and accordance of the periodic and accordance of the periodic and the periodic of the periodic and to the periodic of the perio turbance of our growing commercial interest which may result to our citizens domiciled or sojourning in the interior of Calma Acting under a stipulation is our treaty with Korea the first concluded with a Western power! I felt constrained at the beginning of the outroversy to tender our good offices to aduce an amirable arrangement of the initial dimonity growing out of the Japanese demands for administrative reforms in K-rea but the undupper precipitation of actual hostilities defeated this kindly purpose Deploring the destructive war between the two most powerful of the Eastern nations and anxious that our communical interests in those countries must be preserved and that jeonardized. I would not hesilate to heed any inclination that our friendly aid for the henorable termination of hostilities would be eptable to both builderents.

A convention and been finally concluded for the settlement by arbitration of the prolon od di pute with Ecuador growing out of the pro-cessings against Finitio Santos, a naturalized

Our relations with the republic of France ne to be such as should exist between nutions so long bound together by friendly symmathy and similarity in their form of government. The recent cruel assa simulon of the president of this sister republic called forth such universal expressions of acrow and condelence from our people and governsincerity of our attachment. The resolutions passed by the sensie and house of representatives on the ourse on have been communicated

to the widow of President Carnot. The Germany Meat Prohibition Acting upon the reported discovery of Texas faver in carroos of American cattle the Gerprohibition against importations of live stock and fresh ticaly from this country has hose ravived It is hoped that Germany will as needless as it is harmful to motuni in-

The German povernment has protested against that provision of the sustome tariff act which imposes a disoriminating duty of one-intil of oue rent a pound on an are com ing from countries saving as export bounty thereon claims a that the exaction of such duty is in contravertion of articles five and nine of the treaty of 1815 with Provide in the laterests of the commerce of both countries and to avoid even the accusation of treaty violation I recommend the repeal of se much of the statute as imposes that duty and I in vite attention to the accompanying report of the secretary of state containing a discussion the questions raised by the German pro-

Behring Son Arbitration. Early in the present year as agreement was reached with Great Britain concerning instructions to be given the nav al commanders the continuous North Pacific ocean for award of the Paris tribunal of arbitration and encountered by the Spanish cover over in the enforcement of the regulations therein providing payment of the Mora indemnity.

prescribed for the protection of seal life in prescribed for the protection of seal life in the waters mentioned. An universaming has also been reached for the payment by the United States of \$25,000 in full satisfaction of all claims which may be made by Great Britain for damages growing out of the controversy as to fur scale in Behring sea, or the seizure of Britain vessels angared in taking a teal in those waters. The award and findings if the Faria tribunal to a great extent determined the facts and principles upon which ain d the facts and principles upon which these claims should be adjusted and they tave been subjected by both governments to thorough examination upon the principles as well as the facis which they involve. I am touvinced that a settlement upon the terms mentioned would be an equitable and advantage. ageous one and I recommend that provision og made for the prompt payment of the stated sum. Thus far only France and Portugal nave stenties their widingness to schere to the regulations, established under the award of the Paris tribuna of arbitration.

The Hawaiian Incident.

Since communicating the voluminous cor-respondence in regard to Hawaii and the ab-sion takes by the scenate and bouse of repro-ceptatives on certain questions and minel to the judgment and wider discretion of congress the organization of a government in place of he provisional arran coment which followed the deposition of the queen has been an-nounced with exidence of its effective operation. The recognition usual in such cases has been accorded the new povernment.

Belations With Mexico. Good will featered by many intermits in nearest southern neighbor.

Peace being restored along her northern frontier, Mexico has asked the punishment of the late disturbers of her tranquility. There ought to be a new trenty of commerce and navigation with that commerce to take the place of the one will be terminated thirteen years are The friendliness of the inter-course between the two countries is attested by the fact during this long period. The com-merce of each has steadily increased under the rule of mutual consideration, being nettued retarded by jealous rivalries or stilled desires.

An indemnity tendered by Mexico as a gracious not for the murder in less of Leon Baidwin an American citizen by a band of imaraudors in Durango, has been accepted and

Is being publicates allowed by the The problem of the storage and use of the waters of the Rio Grande for indication should be solved by appropriate concurrent action of the two interested countries. Risintermittingly, yieldin; little water during the dry months to the irrigate a channels already constructed along its course. This manufacting is often severally feet in the regions where the river forms a common bound-

was between the United States and the states and the states and contained of the escape of the insurant Admiral Degama and is followed the states and in the suppression of the suntain states of our representatives to those countries were exerted for the protection of the suntain section of the states and that country, based on the third section of the suntain section of the states and the section of the suntain section of the states and the section of the section of the states and the section of the states and the section of the states and the section of the se domain. For some months on and during part of the term two of our mayal ships hard been stationed at Bluefields for the projection of all legitimate interests of our critisms. In September last the government at Managua expelled from its territory twelve or more foreigners including two or more foreigners including Americans for elieged participation seditions or revolutionary inovenents against the ropublic at Hacefields already men-tioned Through the excess remonstration of this covernment the two Americans have seen permitted to return to the peaceful managemore serious consequences and to the restoration of quiet and or er

I regret that in the midst of these occurrences there opened up a most grave broating fallure of Nicarasuan justice an American the musquito territory was confirmed by one Arguello the acting governor of the town Afterwome delay the murlerer was arrested. demands it is obstraed that his recenture has Nicaraguan jurisdiction.

notice of forfeture of their concession to the sami company on grounds purely technical and not emerged in the contract received from Last position Peru I regret to may, shows symptoms of domestic disturbance, due probably to the glowness of her recuperation from the war of 1841. Weakened in resources, nor difficulties In facing international obligations in the our kindly sympathy and justify our furbearance in pressing long porting claims I have fest constrained to festify this sympathy in connection with certain demanth urgently pre-ferred by other powers.

The recent death of the cour of Russia called.

forth appropriate expressions of sorrow and sympathy on the part of our government with his bereaved family and the Englan people. As a further demonstration of respect and friendship our minister at St. Petersler directed to represent our government at the

Unjust Fines by Spain on Our Ships. Unreasonable and unjust these imposed by Spain on the vessels and commerce of the United States have demanded from time to time during the last (wenty years earnest re-monstrance upon the part of our government. In the immediate part exhoroitant penalties have been imposed upon our vensels antiggods by customs suth rities of Cubs and Porto Rico for elevical errors of the most trivial character in the manifests or bills of lading In some cases times amounting to I househole of dollars have been levied upon cargoes or the carrying resons when the goods in questi were entitled to free entry. Pines have been exacted even when the error has been detected and the Spinish authorities notified before the arrival of the goods in port. This conduct in in strange dontrast with the considerate and liberal treatment extended to Spunish vessels and cargoes in our ports it like cases No satisfactory centlement of those verations questions has yet been reached. The Mora case referred to in my last annual message remains unsettled From the diplomatic corresponden - on this subpeck, which has been hald before the senate it will be says that this government has offered to conclude a convention with Spain for disposal by arbitration of outdantin between the two countries except the claim, which having been long aco allies now only awaits payment as at puinted and of course it could not be included in the offer would remove parliamentary opstacles

I regret to say that no definite reply to this subsidiary silver coin and E716,912.25 in minor which play upon demagogic fears and make maturing ten years after their leaving. That offer has yet been made and all efforts to seoure payment of this settled other have

In my last annual message I adverted to the ciaim on the part of Turkey of the right to expel as persons undesirable and dangerous. Armenians naturalized in the United States and returning to Turkish jurisdiction. Nu-mercus questions in this relation have arisen. While this revernment acquissess in the asserted right of expulsion is will not consent that Armenians may be imprisoned or other wise punished for no other reason than having acquired, without imperial consent. Amer-can ditizenship. Three of the assaliants of Miss Meiton as American teacher at Mosul. hive been convicted by the Ottoman courts, and I am advised that an appeal against the acquittal of the remaining five has been taken by the Turkish prosecuting officers.

The Samoan Troubles. In my last annual message I referred briefly to the unsatisfactory state of affairs in Semoa under the operation of the Herila treats, as skensky illustrating the policy of entanging alliances with foreign powers and on May 9, 1894, in resconse to a resolution of the senate I sent a special message and documents to that body on the same subject which emphasired my previously expressed opinions. Later occurrences, the correspondence in regard to which will be laid before congress, further demonstrated that the government ch was deviced by the three powers and ed upon the Samoans against their inveterate no tility can be maintained only by the continued presente of foreign military forces and at no small saddiffee of life and treasure. suppression of the Mataata Insurrection by the powers, and the subsequent banishment of the leader and eleven other chiefs, as recited in my last message did not bring last-ing peace to the islands. Formidable upris-ings continued and finally a robellica broke out in the capital Island Upola, headed in Aana the Western district by the your or Tamasese, and in Atua the Eastern district, country and fought the government country and fought the government ope up to the very doors of Apla hing a ain appealed to the powers here and the countried Beltish and German naval forces reduced the Atums 10. apparent subjection no: however without conports received from our art a a 2Apla do not justfy the belief that the peace mus brought about will be of long duration It is their conviction that the untives are at heart host to the prosent coursement that such of them as profess to with to it do so from fear of the powers and that it noted a will be able to dispose of cases as they arms appeality so to phases if the war sings serie without any unreasonable delay. This result withdrawn In reporting to his government is of course very largely due to the successful on the unsatisfactory situation since the working of the plan imagingating elections.

not prejudicial to any of our existing rights Treasury Department. The secretary of the treasury reports that the receipts of the government from all sources of revenue during the ascal year ending June 30, 1831, amounted to \$ 70,832 489 29 and it expenditures to \$12.50.758 \$1 leaving a deficit of 02.50.200 as There was a decrease of \$15.902 078 \$3 in the ordinary expenses of the covernment as compared with the nucul year that

There was collected from customs \$131,818. \$50.02, and from laternal revenue \$147,161-\$60.80 The balance of the income for the year amounting to \$63.815,517.97, was derived from the sales of lands and other source The value of our total dutable imports cuted to 2275, 19 , 086, being #146,657,025 less than during the preceding year and the fintations free of duty amounted to \$070.70%, 6 being 61 748 675 less than dur ng the pro

ceiling year. The receipts from customs were \$78.3 0.485 11 less and from internal rev-The total tax collected from distilled apirits was 185 250,200 20 on manufactured 19 dors 431,414,785 04

Our exports of merchandise, domestic and foreign, amounted during the year to 1892, 140.

The total amount of gold exported during 630 Officer or the fiscal year 1895. The amount imported was \$72.419,119 as against \$11,174, 81 provibus year silver were \$13,780,550 and the experis were 760 451 265

sarin the United States for the discal was rightly being an increase of Nors it over the payments made during probabling year. The amount of bounty i from July 1, 1894, to August 1, 1894, the time when further payments ceased by operation of law was \$355 is at The total expenses incurred in the payment of the bounty upon surar during the fiscal year was all 0,140 ft. It is eathwated that upon the als of the present royenus lace the receipts of the covernment during the current fiscal year ending June II. 1800, will be 421,427, 745 44 and its expanditures \$414.427 746 14, re-

ulting is a definit of \$20 000.000. The first day of November 1894, the total The first day of November 1894, the total stock of money of all kinds in the country was \$2.50,776,894, as against \$2.50,601.

(3) on the first day of November, 1894, and the money of all kinds in circulation of not included in the treasury holdings was \$1,672,002,422 or \$51.07 per capita upon an estimated population of \$1,887,004. At the same late there was bold in the treasury week believe amounting to \$14.457,005. nry gold buillon amounting to 144 015 391 51 and sliver builton which was purchased at a cost of Size 701.888. The purchase of sliver builton under the act of July 11 1992 ceases on the first day of November 1991 and up to that time there had been purchased furing the final year 11,917.6.8.78 line councies at a cost of \$3.715,001.32, an average cost of 50.7315 per fine comee. The total amount of silver purchased from the time that law took effect until the reneal of its purchasing clause on the date last mentioned was 188 674 681 53 fine ounces, which cost \$15. \$1,002 25 the average price per fine ounce be ing \$ 2244 The total a cunt of standard sil States since the passage of the act of Pebru-ary 38, 1878, is \$101.748.408, of walca \$878, 100.791 fer the provisions of that act, 108,141,145 were coined under the provisions of the set of July 16 har, and 5,078 478 under the set pro-viding for the coinage of the trade dollar bul The total coinage of all metals at our mints during the last fiscal year consisted of 61.48 220 pieces valued at \$105.210.730 m of which there was \$22.471.912.30 in gold coined.

During the calendar year of 1891, the profuction of precious metals in the United States was estimated at 1,730,221 fine ounces of gold of the commercial and coinage value of \$15.988,000 and 50.000 line ounces of silver of the builton or market value of \$48.800.000 and of the coinage value of (77,578,000 It is estimated that on the first day of July, 1894, the stock of metallic money in the United States, consisting of coin and builton, amounted to it 251,660,558, of which 16.7,921,201 was gold. 1614.847,758 was allver

Fifty national banks were organized during the year ending October 31, 1891, with a capital of 35,2 5,000 and seventy-nine with a capital of \$10.47 (00) went into voluntary liquidation Twenty-one banks with a capital of \$4,770.00 were placed in the hands of receivers. The total number of national banks in existence on the list day of October last was A.75', bein' forty less than on the list day of October.

1891. The capital stock paid in was \$17,671,-361, being \$9 676 491 less than at the same time in the previous year and the surplus and un-divided profits, less expenses and takes paid, amounted to \$344,131,082.50 which was \$15,089. The circulation has increased \$1,741.583.
The obligations of the banks to each other were increased \$17.062.334 and the individual

deposits were 1227,234,490 less than at the corresponding date in the previous years. Loans and discounts were 180,000,003 more than at the same time the previous year and checks and other cash items were 191,349,053 more. The total resources of the banks at the date mentioned amounted to 53,473 pm,005 as scalest 23,100,563 281 30 in 1993.

War Department.

The message reviews and comments on the report of the accretary of war. The president does not believe there is any necessity for inoreasing the army to 30,000 men, as recom-mended by Secretary Lamont. He advises a afast the creation of new military posts. The secretary's play of the adoption of the batallion system is recommended. The strike troubles of last summer are briefly referred to

and the action of the military commended. In recognition of the lone and distinguished military services and faithful discharge of commanding the army, it is suggested to con-gress that the temperary revival of the stade of Regionary general is his benuif would be a

Department of Justice. The report of the atterney reperal notes the gratifying progress made by the surema-course in ever-coming the arrears of its be i-ness and is reaching a condition in which it will be sule to dispuse of cases as they are where the river forms a commend boundary. Moreover the frequent claimed in its course through level and often raise in its course through level and often raise in its course through level and often raise in the course through level and often raise in the course through level and often raise in the limit of the prominent among the quarters of the river and the limit of the prominent among the quarters of the river as the filter river a leating in the control of appeals. In respect to these orbits that the light increasing of the river as the filter river as the river as the filter river as the filter

tion of sites for three such institutions. No appropriation has, however, been made to carry the act into effect and the old and dis-

It is not my purpose at this time to renest the considerations which make an imprenable case in favor of the ownership and manarement by the government of the penal in-institutions in which federal prisoners are contined I simply desire to arain urge former recommendations on the subject and to particularly call the attention of the congress to that part of the report of the secretary of war, in which he tates that the military prison at Fort Leavenworth, Kansas. can be turned over to to the government as a pri-on for federal convicts without the leas menity and with an actual saving of money from every point of view

Pending a more complete reform. I hope that by the adoption of the suggest secretary of war this easy step may be taken in the direction of the proper care of its con-victs by the government of the Unite! States Postal and Navy Departments.

The message next takes up the report of the postmaster seneral and strongly urges the recommendations of that official looking to the correction of the abuses of the seconclass mail matter privilege by publishers of advertishs matter, who send tons of papers through the mall and defraud the government The free carriage of scools of grain throu h the mails is also condemned. If these abuse were confided the department would be selfaustaining. The report of the postmaster-general which has already been published, is

reviewed at length.
Attention is called to the report of the secretary of the navy which shows very gratifyin surpress in the construction of ships for

I recommend that provision be made for the construction of additional battle ships and tornedo boals. The secretary recommends the manufacture not only of the reserve supply of ordnance and ordnance material for ships of the navy, but also a supply for the auxil-lary fleet Guns and their apertenances should be provided and kept on hand for both those purposes. We have not to day a single run that could be put upon the ships Paris or New York of the International Navigation company or any other ship of our reserve assington navy yard is proceeding satisfactorily, and none of our new ships will be ed to wait for their uns or ordnance equipment.

Interior Department The report of the secretary of the Interior exhibits the situation of the numerous and in-teresting branches of the public service con-nected with his department. I recommend this report and the valuable recommendaions of the secretary to the careful attention

I fully indurse the recommendation secretary that adequate projection be pro-vided for our formstresserves and that a comprehensive forestry system be innurareated.
The recommendations of the secretary in regard to dealing with the Indian question is concurred in and has already been published Pensions

The barefaced and extensive pension frauds exposed under the courageous and veteran soldler now at the head of the bureau leaves no room for the claim that no purgation leaves to room for the claim that he purgation of our pension roll was needed or that continued vi liance and prompt action are not necessary to the same and The accusation that an effort to detect pension fraudits evidence of unfriendlines towards our worthy voterans and a dema of their claims to the concernity of the covernment, suggests an unfortunate indifference to the comissions of any offense which has for its motive the securing of a pension has for its motive the securing of a pension 1 1738 in standard sliver dollars, 10,034, 140 30 in existence of mean and treacherous crimes

Agricultural Department.

The secretary of agriculture in his report reviews the operations of his department for the last fiscal year and makes recommendations for the further extension of its uset ness The recommendations of the senate are concurred in. The prohibition of free distribution of seed by the department is again.

The work done by the department of avriculture is very superficially dealt with in this communication and I commend the report of the secretary and the very important interests with which it deals to the careful attention of the congress.

An exceedingly important recommendation of the secretary relates to the manner in which contests and litigated cases growing out of efforts to obtain government land are determined. The entire testimony upon which these controversales depend in all their states is taken before the stages is taken before the local registers and receivers and yet these officers have no power to subpoena witnesses or to enforce their attendance to testify. These cases, numbering three or four thousand annually are sent by the officers to the commissioner of the general land office for his action. The executions of his other duties oblice him to act upon deallons of the resistant and act upon decisions of the registers and receivers without an opportueity of thorough personal examination. Nearly 2001 of these case; are appealed annually from the commis-sioner to the secretary of the interior. Burden-ed with other important administrative duties, his determination of these appeals must be almost perfunctionary and based upon the examination of others. Through this determina-tion of the secretary operates as final adjudica-tion upon rights of very importance. I concur is the opinion that the commissioner of the sectral land office should be relieved from this duty of deciding littrated land cases that a non-partisan court should be entreated to pass on such cases and that the decisions of this court should be final at least so far as the decisions of the department are final Civil Service Reform.

The advantages to the public service of an adherence to the principles of civil service reform are constantly more apparent and nothing is so encouraging to those in ometal life who honestly desire good government as the increasing appreciation by our people of these advantages. A vast majority of the voters of the land are ready to insist that the time and the attention of those they select to perform for them important public duties, should not be distributed by doling out minor offices and party or anizations as something that party or anizations as something that pull on used in establishing party principles instead of distating the distribution of publi places as rewards of partian activity Numerous editional offices and places have been trought within civil service rules and regulations and some others will probably such be included. The report of the commissioners will be submitted to the congress and I having careful attention to the recommen-

National Board of Health.

I am entirely convinced that we ought not to be longer without a national board of health or national health o licer charged with no other duties than such as permin to the protection of our country from the invasion of pestilence and disease. I carnestly recommend that the inauguration of a national board of health or similar national instru-mentality believing the same to be a needed precaution a minst contacions diseases and in the interact of safety and heath of poor

Strike Commission.

By virtue of a statute of the United States passed in 1884 I appointed in July last Hon. J. D. Reen of the state of New York and Hon. Nicholas E. Worthington of the state Wright, commissioner of labor, who was designated by said statute a commissioner for the purpose of making careful inquiry into the causes of the controverses between certain railroads and their employes which had resulted in an extensive and designation. suited in an extensive and destructive strike, accompanied by much violence and dangerous disturbance with considerable loss of life and great destruction of property. The report of the commissioners has been submitted to me and will be transmitted to congress with the evidence taken upon their in- States legal tender notes including treasury vestigation. Their work has been well done, and their standing and intelligence give assurance that the report and sugrestions they make are worthy of careful consideration

Tariff Amendments Urged. The tariff act passed at the last session of congress needs important amendments if it is executed effectively and with certainty in adition to such necessary amendments us will not change rates of duty. I am still very deeidedly in favor of putting coal and from on the free list So far as the sugar schedule is concerned, I would be giad under the existing ag-gravations to see every particle of deferential duty in favor of refined sugar stricken out of If with all the favor scoorded the sugar refluing interest in our tariff laws is still languishes to the extent of closed refineries and thousands of discharged work men it would seem to present a hopeless case

Whatever else is done or omitted, I carnest y repeat here the recommendation I have made in another portion of this communication that the additional duty of one tenth of a cent per and laid upon sayar imported from coun tries paying a bounty on its export he abro-It seems to me that exceedingly important considerations point to the propriety of this amendment With the advent of a new will policy not only contemplated to relevo dally life, but to invite a better development of American thrift and create for us closer and more profitable commercial relations with the rest of the world it follows as a logical and imperative necessity that we should at once remove the chief if not only obstacle which has so long prevented our partitipa-tion in the foreign carrying trade of the sea. A tariff built most the theory that it is well to check imports and that a home market should bound the industry and effort of American producers, was fitly supplemented by a re-fusal to allow American registry ressels built abroad though owned and navigated by - people. thus exhibiting a willingness to indon all contest for the advantages of tariff policy bill upon the theory that it is well to encourage such importations as our people need and that our products and manufactures should find market in every part of the habitable globe is consistently supplemented by the greatest possible liberty to our oldizens in the ownership and navication of ships in which our products and man nfactures may be transported. The millions now paid to foreigners for carrying American pansengers and products across the sea should be turned into American hands. Shipbuilding, which has been protected to strangulation should be revived by the prospect of profitable employment for ships when, rested and again take his place, a stordy and industrious citizen in time of peace, and a patrious and safe defender of American interests in the day of conflict. The ancient provision of our law denying American relistry to ships built abroad and owned by Americans, pears, in the light of present conditions only to be a failure for rood at every point. to be mearer a rello of barbarism the thing that exists under permission of atatute the United States I carnestly recommend its prompt repeal The Gold Reserve.

During the last mouth the gold reserves in the treasury for the purpose of redemnin - the notes of the government circulating as money in the hands of the people became so reduced and its further depletion is the near future proper care for the public welfare it became no exacty to replenish this reserve and thus maintain popular faith in the ability and determination of the government to meet as agreed. Its pecuniary oblications. It would have been well if in this emergency authority had existed to issue the bonds of the govern meet bearing a low rate of interest and maturing within a special period, but the congress having failed to confer such authority resort was necessarily had to the resumption alt of 1875, and pursuapt sonds were issued drawing interest at the rate of five per cent per senum and give me some mince pie.

ming the shortest time authorized by the set. I am glad to say, however, that on the sale of chese bonds the premium received operated to soluce the rate of interest to be paid by the rovernment to less than three per cent Nothing could be worse or further removed from sonsible finance than the relations exfrom sensible finance than the relations exating between the currency the government and issued, the gold held for its redemption and the means which must be resorted to for the purpose of replenshing such redemption fund when impaired fiven if the claims upon this fund were consided to the obligations originally intended and if the redemption of these obligations weamt their cancellation the fund would be very small. But these obligations when resolved and redemend in gold are not cancelled. selved and redesmed in gold are not cancelled out are relested and may do duty many times by way of drawing gold from the treasury. Thus we have an endless chain in operation constantly depleting the treasury's gold and never near a final rest. As if this was not never hear a final rest. As if this was not oad enough we have a statutory declaration that it is the policy of the government to maintain the parity between gold and silver aided the force and momentum of the exhausting process and added in receive to the currency obligations disliming this peculiar gold redemption. Our small gold reverse is this subject to draw from every side. The damands that leaveness our due to the large mands that increase our danter also increase the necessity of protecting this reserve against depletion and it is most unsatisfactory to know that the protection appried is only a temporary palifation. It is possibly and palipality piain that the only way infor present conditions by which this reserve when handerously depleted, can be repletished, is through the issue and sale of the bonds of the government for gold and yet congress has not only thus far declined to authorize the issue of bonds best suited to such a purpose, but there seems a disposition in some quarters to deny both the naces ity and power for the issue of bonds at all I cannot for a mands that increase our danter also increase the issue of bonds at all I called for a moment believe that any of our citizens are deliberately willing that their government should default in its pecuniary collections, or that its financial operations should be reduced to a milver hash. At may rate I should not feel that my duty was done if I opitied any effort I could make to avert such a calculty As long therefore as no provision is made for the final redemption or the patting aside of the currency objection now used to repeatedly and constantly dear form the made for the currency objection now used to repeatedly and constantly dear form the made for the currency objection now used to repeatedly and constantly draw from the government its gold and as long as no better authority for bond issues is allowed than at present exists such authority will be utilized who never and as often as it becomes necessary to ma make a sufficient rold reserve and in abundant time to save the credit of our country and make good the financial declarations of our govern ment Questions related: to our bunks and currency are closely connected with the subject just referred to and they also present some unsatisfactory resources.

New Banking System Advocated. Prominent among them are the lack of clasticity in our currency circulation and its frequent concentration in financial centres when It is most needed in other paris of the country. The absolute divorcement of the gavernment from the business of banking is the tileal relationship of the government to the eirculation of the currency of the country. This constition cannot be immediately reached but as a step in that direction and as a means of as preing a more clastic currency and obviating other objections to toe present arrang-ment of bank circulation the secretary of the treasury presents in his report a scueine modifying present banking taws and providing for the issue of circulating notes by state banks free from taxation under certain timitations. The secretary explains his plan so plainly and its advantages are developed by him with such remarkable clearness that any effort on my part to present arguments in its

curity for circulation to permit national banks to issue circulating notes not excepting in amount 75 per cent of their paid up and onimpaired capital provided they deposit with the government as a guarantee fund in United notes of 1890, a sum equal in amount to 3 deposit to be maintained at all times whenever any bank retires any part of its car culation a proportional part of its guar antee fund shall be returned to it to permit the scretary of the treasure to prepare and keep on hand ready for issue in case an increase in circulation is desired blank nutlenal bank notes for each bank having circulation and to repeal the provisions of the present law imposing limitations and restrictions upon banks desiring to reduce or in-crease their circulation, thus permitting such noreasa or reduction within the limit of made as emer ency arise. In addition to the guarantee fund required it is proposed to pro-vide a safety fund for the immediate redemotion of the circulating notes of inited bases by imposing a small annual tax say one half of one per cont upon the average electron attent of each bank butil the fund amounts to live per cent of the total circulation pulsatantin. When a bank fulls its guarantee fund is to be paid into this safety funds and its notes are to be redeemed in the first instance from such safety find thus au montel any impairment of such fund caused thereby to be made from the immediately available cash assets of sam bank, and it these should be insured and impalement to be made good by rata assessment among the other banks, the r contributions constituting a first tien upon the as ets of the failed bank in favor of the contr buting banks.

As a further security it is contemplated that the existing proposition fixing the ingi-vidual liability of stockholders is to be re-tained and the bank's indebtodness on account of its eigenment in to be made a first lies on all its assets. For the purpose of meeting the expense of printing noise, other niles, constitute approvision cancellation and other niles. charges there shall be imposed a tar of say average amount of notes in circulation. It is further provided that there small be no national bank notes issue: a less denomination toan ten dollars shateach national bank, except in case of a railed bank shall redeem priestive its notes in the first instance at its own office or at agencies to be designated by it, that he fixed reserve used be maintained on account of de-

Another very important feature of this plan is the exemption of state banks from instation by the United States in cases where it is abown to the satisfaction of the preciary of the treasury and comptrolled to the current. by bunks claiming such exemption that they have not had outstanding those directating notes exceeding sevents five per cent of their paid up and unimpaired mapital that their stockholders are individually limite for the redemption of their alroy sting note to the full extent of the ownership of whock that the liability of such banks upon their circulating notes constitute under their state law a first lien upon their assets that such binas have kept and maintained a suaranted fund in United States legal tender notes in cluding treasury notes of 1800 equal to in my per cent of their outstanding electrical mate, and that such have promptly reduced their circulation notes when presented

their principal of branch office It is quite likely that this scheme may usefully amended in some of the details, but I um entirtied it furnishes a basis for a very

L'eonclude this communication, fully aparel ciating that the responsibility for legislation affecting the people of the United States ret a ac-pring them that whatever accordance will

(Signed) GROVER CLEVELAND Executive Manufou, December |

Mother-The doctor says you must eat meat and fruit Sick Boy-Well,